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2138 RAYBURN HOUSE OFFICE BUILDING

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March 12, 2002

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The Honorable David Walker
Comptroller General
General Accounting Office
441 G St NW
Washington, D.C. 20548

IN RE: Request for a Report on Case Reporting of the Legal Services Corporation (LSC)

Dear Mr. Walker:

In September 1999, the General Accounting Office (GAO) issued a report to Congress titled "Legal Services Corporation: More Needs to be done to Correct Case Service Reporting Problems." This report was completed, as a result of a May 1999 request from several Members of Congress, to review the accuracy of LSC's case handling statistics for Fiscal Year (FY) 1997. In the report, the GAO concluded, "we do not believe that LSC's efforts to date have been sufficient to resolve the case reporting problems that occurred in 1997." In addition, the GAO made seven specific recommendations to the President of the Legal Services Corporation in order to resolve the problems.

As you may recall, the request to the GAO for this report resulted from significantly inaccurate and inflated annual, nation-wide case handling statistics, which were reported to Congress in 1997, incorrectly indicating LSC grantees served 1.9 million clients. A series of Office of Inspector General (OIG) reviews performed at the Corporation headquarters, at the direction of the Inspector General, and another series of audits and examinations performed by the OIG, GAO, and the Corporation, of 16 local grantee programs, revealed substantial over-reporting of cases. For example, the OIG and GAO staff determined that 172,570 of 397,295 cases reported to Congress, or 43.4 percent, were invalid or questionable. Another analysis of the numbers in the 1997 annual caseload report disclosed the Corporation's annual case-count was also artificially boosted, by a policy allowing local programs to report cases "primarily" financed with non-

Corporation funding, causing the 1997 closed caseload to be further overstated by about 144,000 cases.

The public accounting for legal services rendered is, without question, one of the most important functions performed by the Corporation, because it enables the President, the Congress, and the public to ascertain what is being accomplished, in terms of cases produced, and account for the approximately \$330 million the U.S. Government spends on the program. In addition, the LSC annual case workload is important because it is used by both the Corporation to support and justify annual funding requests, and by the Congress to make judgments on annual funding levels.

The Honorable John M. Erlenborn, current President of the Corporation, testified before the House Judiciary Committee Subcommittee on Commercial and Administrative Law last week, at its Oversight Hearing. One purpose of this hearing was to determine if the problems outlined and the recommendations made in the GAO's 1999 reports, have been successfully implemented and resolved. Mr. Erlenborn advised the Committee that the error rate in FY 1999 had dropped to 11 percent, and, even more dramatically in FY 2000, to five percent. These figures, however, are based on audits by LSC staff in conjunction with self-inspection by the grantees. Mr. Erlenborn further stated "all of those things that the GAO recommended the Corporation do to get accurate figures, we have accomplished."

In light of the prior case reporting problems by LSC grantees and the LSC President's recent testimony to Congress indicating the past problems are now fully resolved, we request the GAO prepare a report covering the following areas:

1. What was the response of the LSC to the critical 1999 GAO report?
2. Has the LSC followed through with the recommendations of the GAO and, how, in detail, has each one been implemented?
3. What has been the practical outcome of the alleged changes by the LSC, in terms of accuracy and error rates in FY 1999, 2000 and 2001?

4. How accurate are the recent figures presented to Congress?
5. Has the GAO, or the Office of Inspector General, encountered any problems obtaining access to records since 1999?

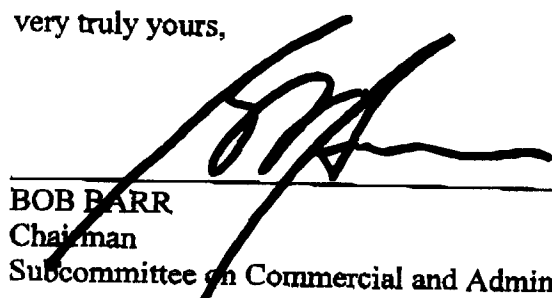
Finally, include in your report any further recommendations for improving case reporting accuracy, and provide notification to Congress of any other problems or issues which arise during the course of the investigation.

Should you have any questions regarding this request, please contact Patricia DeMarco, Oversight Counsel, Subcommittee on Commercial and Administrative Law, at 202/225-6793.

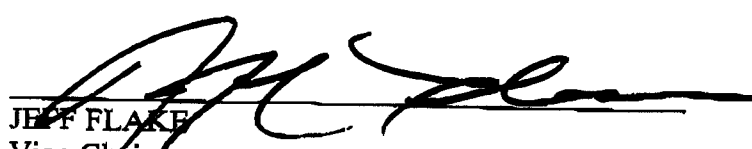
Thank you in advance for your prompt consideration of this request.

With warm regards, we are,

very truly yours,



BOB BARR
Chairman
Subcommittee on Commercial and Administrative Law



JEFF FLAKE
Vice-Chairman
Subcommittee on Commercial and Administrative Law

BB:pdf

cc: The Honorable F. James Sensenbrenner
The Honorable Mel Watt